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Proposed programme budget for the biennium 2010-2011

Revised estimates: effect of changes in rates of exchange and inflation

Report of the Secretary-General

Summary

In accordance with established practice, the proposed programme budget is recosted prior to its adoption by the General Assembly. A preliminary recosting is reflected in the budget proposals of the Secretary-General issued earlier in 2009 as well as the relevant addenda and revised estimates.

The present report provides the latest data on actual inflation experience, the outcome of salary surveys, the movement of post-adjustment indices in 2009 and the effect of the evolution of operational rates of exchange in 2009 on the proposed programme budget for the biennium 2010-2011.

After recosting, the resources under the expenditure sections would amount to $5,143.5 million and estimates of income would amount to $563.2 million if the recommendations of the Advisory Committee on Administrative and Budgetary Questions were applied to the proposals of the Secretary-General.

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1. In accordance with established practice, the proposed programme budget is normally presented at the same price levels and rates of exchange as the current programme budget. At the same time, the proposed programme budget contains provisions for anticipated increases owing to inflation. These are isolated and are presented separately in the column entitled "recosting" in the budget tables. The programme budget is subsequently recosted three times in the biennial cycle, as follows:

(a) The first such recosting is contained in the present report, which is submitted to the General Assembly for the purpose of updating the resource requirements in the proposed programme budget before an initial appropriation is approved;

(b) The second recosting is reflected in the revised estimates included in the first performance report on the programme budget, submitted by the Secretary-General at the end of the first year of the biennium in connection with approval of a revised appropriation;

(c) The third recosting is included in the second performance report, submitted at the end of the second year of the biennium, in connection with approval of the final appropriation.

2. Within that framework, and as foreseen in the introduction to the budget for the biennium 2010-2011 (A/64/6 (Introduction), para. 13), the budget estimates are recosted to take into account changes in operational rates of exchange, actual inflation experience, the outcome of salary surveys and the movement of post-adjustment indices. Bearing in mind the view of the Advisory Committee on Administrative and Budgetary Questions that the Administration should use such operational rates of exchange in recosting exercises as would allow for the lowest estimates (A/51/7/Add.1-9, document A/51/7/Add.6, para. 5), the present report provides updated information as at December 2009. The recosting in the present report is based on the initial budget proposals of the Secretary-General as well as the relevant addenda and revised estimates,[1] amended in accordance with the recommendations of the Advisory Committee.[2]

3. Those recommendations of the Advisory Committee on Administrative and Budgetary Questions, amounting to additional requirements totalling $3.6 million for expenditure sections, are provided in the Advisory Committee's reports on the proposed programme budget for the biennium 2010-2011 (A/64/7 and Add.4, Add.6, Add.8, Add.9 and Add.10).

4. While the General Assembly has yet to take action on the recommendations of the Advisory Committee, the recommendations have been taken into account to the

[1] A/64/6 (Introduction) and Corr.1, (Sect. 1) and Corr.1, (Sects. 2 and 3), (Sect. 4) and Corr.1, (Sect. 5) and Corr.1, (Sect. 6), (Sect. 7) and Corr.1, (Sects. 8-10), (Sect. 11) and Corr.1, (Sect. 12), (Sect. 13) and Add.1, (Sects. 14-16), (Sect. 17) and Corr.1, (Sects. 18-21), (Sect. 22) and Corr.1, (Sects. 23-26), (Sect. 27) and Corr.1, (Sect. 28), (Sects. 28A-28C), (Sect. 28D) and Add.1, (Sects. 28E and F), (Sect. 28G) and Corr.1, (Sect. 29) and Corr.1, (Sects. 30-32), (Sect. 33) and Add.1, (Sect. 34) and Add.1, (Sects. 35-36) and (Income sects. 1-3); A/64/366, A/64/380, A/64/472, A/64/477, A/64/532, A/C.5/64/2, A/C.5/64/11, A/C.5/64/12 and A/C.5/64/13.

[2] A/64/7 and Add.4, Add.6, Add.8, Add.9 and Add.10. The reports of the Advisory Committee on the Secretary-General's proposals contained in A/64/6 (Section 34, Add.1, A/64/532, A/C.5/64/11, A/C.5/64/12 and A/C.5/64/13 are pending.

extent that they can be specifically costed. This allows Member States to have a more comprehensive picture of the overall level of estimates when determining the appropriation for the biennium 2010-2011. Nevertheless, the inclusion of the effect of applying the recommendations of the Advisory Committee is provided without prejudice to decisions yet to be made on those recommendations.

5. Table 1 provides a summary of the results of the recosting based on parameters described below.

Table 1

Summary of recosting of the proposed programme budget for the biennium 2010-2011 (expenditure sections)

(Thousands of United States dollars)

				Recosting			
Proposed programme budget[a]	*Adjustments recommended by the Advisory Committee*[b]	*Proposed programme budget plus the Advisory Committee adjustments*	*Exchange rate*	*Inflation*	*Total*	*Estimated appropriation*
(1)	*(2)*	*(3)=(1+2)*	*(4)*	*(5)*	*(6)=(4+5)*	*(7)=(3+6)*
5 203 532.0	3 627.6	5 207 159.6	47 214.2	(110 917.0)	(63 702.8)	5 143 456.8

[a] See note 1 above.

[b] See note 2 and para. 4 above.

6. The proposed revised recosting factors to be applied for this first recosting in the biennial cycle, compared with the assumptions applied in the preliminary recosting included in the proposed programme budget for the biennium 2010-2011, are set out in the following schedules:

Schedule 1. Rates of exchange relative to the United States dollar and annual rates of inflation by duty station

Schedule 2. Post-adjustment multipliers by duty station

Schedule 3. Annual cost-of-living adjustments by duty station (General Service)

Schedule 4. Effects of recosting by budget section and main determining factor.

7. As a result of the application of the revised parameters, requirements for the biennium 2010-2011 reflect a net overall decrease of $63.7 million, comprising an increase of $47.2 million for exchange rate fluctuations and a decrease of $110.9 million for inflation.

8. The estimated additional requirement of $47.2 million in respect of exchange rate fluctuations reflects the significant weakening of the United States dollar against a number of currencies. In the present recosting, the average actual rates of exchange from January to December 2009 have been used as the basis for recosting for all duty stations, with the exception of Addis Ababa and Port of Spain, for which using the latest United Nations operational rates of exchange (those in effect as at December 2009) yields the lowest estimates. The net increased requirements of $47.2 million relate to exchange rate fluctuations in respect of the Swiss franc ($46.8 million), the euro ($15.3 million), the Chilean pesos ($13.8 million), the Kenyan shilling ($4.2 million), the Thai baht ($1.6 million) and other currencies

($0.7 million), partially offset by decreased requirements in respect of the Ethiopian birr ($32.0 million), the shekel ($2.8 million) and other currencies ($0.4 million).

9. With respect to inflation, consideration is given, as necessary, to a series of factors, including analysis of the movement of the consumer price index at the different duty stations for goods and services and probable increases in the salaries of General Service staff as a result of the movement of consumer price indices and the outcome of comprehensive salary surveys. In the case of the salaries of Professional staff, while base salaries are not affected by exchange rates, as they are denominated in United States dollars, the post-adjustment component moves in response to changes in both cost of living and exchange rates. With regard to Professional staff costs, necessary adjustments are triggered by movements in post-adjustment multipliers approved by the International Civil Service Commission. As for General Service salary and non-post requirements, changes are attributable to cost-of-living adjustments and movements in rates of inflation, respectively, relative to those originally estimated. It should be noted in this regard that realized levels of inflation in 2009 directly affect price and salary levels for the forthcoming biennium, so lower-than-anticipated 2009 increases reflect decreased requirements for the biennium 2010-2011. Accordingly, the changes resulting from inflation comprise three elements, namely, post-adjustment movements for Professional staff, salary adjustments for General Service staff and adjustments to non-post estimates.

10. The estimated decrease in requirements of $110.9 million due to inflation reflect lower requirements in respect of Professional salaries ($19.1 million), General Service salaries ($30.9 million), staff assessment ($12.3 million) and non-post objects of expenditure ($48.6 million). Reduced requirements for non-post objects due to inflation are largely the result of a number of adjustments in rates, including downward revisions for New York ($24.9 million), Geneva ($9.3 million), Addis Ababa ($4.8 million), Vienna ($3.3 million), Bangkok ($2.0 million), Santiago ($2.0 million), security field offices ($2.2 million), Beirut ($2.3 million) and other duty stations ($1.4 million), partially offset by upward adjustments for Nairobi ($3.0 million) and other duty stations ($0.7 million).

11. Schedule 4 contains a detailed listing, by budget section and main determining factor, of the revised estimates for the biennium 2010-2011 resulting from the recosting of the resource requirements of the expenditure sections in the proposed programme budget, including the adjustments related to the recommendations of the Advisory Committee, using the parameters contained in the present report.

12. The foregoing budget parameters are also proposed to be applied to the income sections. The revised estimates for the income sections are summarized in table 2.

Table 2

Revised estimates for income sections 1 to 3 of the proposed programme budget for the biennium 2010-2011

(Thousands of United States dollars)

Income section	*Proposed programme budget (1)*	*Adjustments recommended by the Advisory Committee[a] (2)*	*Proposed programme budget plus the Advisory Committee adjustments (3)=(1+2)*	*Increase/ (decrease)*	*Revised estimates*
1. Income from staff assessment	537 888.8	610.4	538 499.2	(8 036.0)	530 463.2
2. General income	31 199.4	—	31 199.4	(22.9)	31 176.5
3. Services to the public	382.3	—	382.3	1 167.2	1 549.5
Total	**569 470.5**	**610.4**	**570 080.9**	**(6 891.7)**	**563 189.2**

[a] See note 2 and para. 4 above.

Schedule 1

Rates of exchange relative to the United States dollar and annual rates of inflation by duty station

	Rates of exchange, 2010-2011		*Rates of inflation applicable to non-post objects of expenditure*					
			Proposed programme budget		*Present report*			
Duty station/office (currency)	*Proposed programme budget*	*Present report[b]*	*2009[b]*	*2010-2011[c]*	*2008[d]*	*2009[d]*	*2010[c]*	*2011[c]*
Vienna (euro)	0.773	0.718	2.7	2.7	3.2	0.1	0.8	1.3
Santiago (Chilean peso)	655.000	559.750	6.4	6.4	8.7	1.9	2.9	3.1
Addis Ababa (Ethiopian birr)	9.710	12.590	15.0	15.0	44.4	14.0	12.0	9.0
United Nations Military Observer Group in India and Pakistan (rupee)	49.960	48.240	7.1	7.1	8.3	9.8	9.0	5.7
Beirut (Lebanese pound)	1 505.500	1 500.667	6.0	6.0	10.0	1.5	3.0	2.9
Gaza (shekel)[e]	3.820	3.907	3.3	3.3	4.6	3.3	2.5	2.1
Nairobi (Kenyan shilling)	80.150	77.243	7.6	7.6	26.2	20.5	6.5	5.5
Mexico City (Mexican peso)	13.100	13.458	6.2	6.2	5.1	5.4	5.0	4.1
The Hague (euro)	0.773	0.718	1.7	1.7	2.5	0.7	0.3	1.0
Bangkok (baht)	34.890	34.432	4.0	4.0	5.5	(1.0)	2.2	1.9
Port of Spain (Trinidad and Tobago dollar)	6.228	6.300	11.9	11.9	12.0	7.6	7.8	6.7
New York (United States dollar)	1.000	1.000	2.4	2.4	3.8	(0.8)	1.2	1.3
Geneva (Swiss franc)	1.140	1.085	1.5	1.5	2.4	(0.6)	0.4	0.7
United Nations information centres[f]	1.000	1.000	2.4	2.4	3.8	(0.8)	1.2	1.3

[a] Based on 2009 average actual rates. The December 2009 rate of exchange was used for Addis Ababa and Port of Spain.

[b] Revised 2008-2009 appropriations.

[c] Projected.

[d] Final 2008-2009 estimates.

[e] Includes the United Nations Relief and Works Agency for Palestine Refugees in the Near East and the United Nations Truce Supervision Organization.

[f] Combined effect of inflation and exchange rate changes.

Schedule 2
Post-adjustment multipliers by duty station

	Programme budget			*Present report*			
Duty station/office	*2009*[a]	*2010*	*2011*	*2008*[b]	*2009*[b]	*2010*	*2011*
Vienna	55.0	61.3	65.0	68.9	61.8	76.9	76.9
Santiago	32.7	33.1	38.1	45.0	45.3	47.6	47.0
Addis Ababa	60.3	66.6	76.3	48.4	52.9	50.5	54.4
United Nations Military Observer Group in India and Pakistan	31.5	34.4	40.0	37.7	32.9	39.8	45.0
Beirut	52.0	54.9	60.9	47.5	49.5	50.1	52.3
Gaza[c]	49.3	51.1	55.0	50.2	46.5	49.6	51.0
Nairobi	41.2	38.2	44.3	44.4	38.4	43.4	48.3
Mexico	37.4	40.3	45.5	44.7	45.4	46.6	46.5
The Hague	52.1	55.7	58.5	67.6	60.4	72.5	72.5
Bangkok	44.3	45.5	49.4	44.7	43.0	43.4	43.1
Port of Spain	56.7	65.0	76.9	48.5	51.8	55.5	61.6
New York	70.6	73.8	77.3	66.2	68.5	68.5	68.9
Security field offices	44.6	48.0	51.6	43.5	39.1	41.2	43.1
Geneva	74.8	79.4	82.3	83.2	78.9	93.7	93.7
United Nations information centres	48.4	51.9	55.6	47.3	42.8	44.9	46.8

[a] Revised 2008-2009 appropriations.
[b] Final 2008-2009 estimates.
[c] Includes the United Nations Relief and Works Agency for Palestine Refugees in the Near East and the United Nations Truce Supervision Organization.

Schedule 3
Annual cost-of-living adjustments by duty station (General Service)
(Percentage)

	Proposed programme budget		*Present report*		
Duty station/office	*2009*[a]	*2010-2011*[b]	*2009*[c]	*2010*[b]	*2011*[b]
Vienna	2.7	2.7	1.1	0.8	1.3
Santiago	6.4	6.4	4.8	2.9	3.1
Addis Ababa	15.0	15.0	10.4	12.0	9.0
United Nations Military Observer Group in India and Pakistan	7.1	7.1	2.0	9.0	5.7
Beirut	6.0	6.0	3.0	3.0	2.9
Gaza[d]	3.3	3.3	0.6	2.5	2.1
Nairobi	7.6	7.6	11.2	6.5	5.5
Mexico	6.2	6.2	—	5.0	4.1
The Hague	1.7	1.7	3.6	0.3	1.0
Bangkok	4.0	4.0	0.7	2.2	1.9

Duty station/office	Proposed programme budget		Present report		
	2009[a]	2010-2011[b]	2009[c]	2010[b]	2011[b]
Port of Spain	11.9	11.9	0.5	7.8	6.7
New York	2.4	2.4	2.6	1.2	1.3
Security field offices	2.4	2.4	2.6	1.2	1.3
Geneva	1.5	1.5	0.1	0.4	0.7
United Nations information centres	2.4	2.4	2.6	1.2	1.3

[a] Revised 2008-2009 appropriations.
[b] Projected.
[c] Actual figures.
[d] Includes the United Nations Relief and Works Agency for Palestine Refugees in the Near East and the United Nations Truce Supervision Organization.

Schedule 4

Effects of recosting by budget section and main determining factor

(Thousands of United States dollars)

Budget section	*Proposed programme budget (1)*	*Adjustments recommended by the Advisory Committee (2)*	*Proposed programme budget plus the Advisory Committee adjustments (3)=(1+2)*	*Recosting*			*Estimated appropriation (7)=(3+6)*
				Exchange rate (4)	*Inflation (5)*	*Total (6)=(4+5)*	
1. Overall policymaking direction and coordination	105 286.7	—	105 286.7	412.1	(3 115.9)	(2 703.8)	102 582.9
2. General Assembly and Economic and Social Council affairs and conference management	691 851.8	(163.8)	691 688.0	15 862.6	(15 440.8)	421.8	692 109.8
3. Political affairs	945 632.5	—	945 632.5	32.2	(3 859.4)	(3 827.2)	941 805.3
4. Disarmament	23 687.6	—	23 687.6	161.0	(851.4)	(690.4)	22 997.2
5. Peacekeeping operations	102 121.2	10 481.2	112 602.4	(832.7)	(1 631.7)	(2 464.4)	110 138.0
6. Peaceful uses of outer space	8 174.0	—	8 174.0	554.6	(32.2)	522.4	8 696.4
7. International Court of Justice	48 710.9	(848.8)	47 862.1	2 630.1	1 182.4	3 812.5	51 674.6
8. Legal affairs	48 326.2	(230.7)	48 095.5	475.1	(1 627.8)	(1 152.7)	46 942.8
9. Economic and social affairs	177 283.2	—	177 283.2	—	(6 576.9)	(6 576.9)	170 706.3
10. Least developed countries, landlocked developing countries and small island developing States	7 987.4	—	7 987.4	—	(324.7)	(324.7)	7 662.7
11. United Nations support for the New Partnership for Africa's Development	13 993.5	—	13 993.5	(380.6)	(363.8)	(744.4)	13 249.1
12. Trade and development	138 492.7	—	138 492.7	6 574.0	(811.7)	5 762.3	144 255.0
13. International Trade Centre UNCTAD/WTO	31 030.7	(289.5)	30 741.2	686.5	(253.1)	433.4	31 174.6
14. Environment	14 342.9	—	14 342.9	513.7	(24.5)	489.2	14 832.1
15. Human settlements	21 312.8	—	21 312.8	665.0	198.4	863.4	22 176.2
16. International drug control, crime and terrorism prevention and criminal justice	40 149.9	—	40 149.9	2 669.9	(454.8)	2 215.1	42 365.0
17. Economic and social development in Africa	157 690.9	—	157 690.9	(24 806.7)	4 199.3	(20 607.4)	137 083.5
18. Economic and social development in Asia and the Pacific	99 453.6	—	99 453.6	1 222.1	(4 063.7)	(2 841.6)	96 612.0
19. Economic development in Europe	66 858.0	—	66 858.0	3 187.4	(354.0)	2 833.4	69 691.4
20. Economic and social development in Latin America and the Caribbean	109 934.7	—	109 934.7	10 902.2	(5 767.9)	5 134.3	115 069.0

Budget section	Proposed programme budget (1)	Adjustments recommended by the Advisory Committee (2)	Proposed programme budget plus the Advisory Committee adjustments (3)=(1+2)	Recosting			Estimated appropriation (7)=(3+6)
				Exchange rate (4)	Inflation (5)	Total (6)=(4+5)	
21. Economic and social development in Western Asia	72 481.3	—	72 481.3	211.5	(4 067.2)	(3 855.7)	68 625.6
22. Regular programme of technical cooperation	60 499.4	—	60 499.4	(1 907.5)	(3 789.4)	(5 696.9)	54 802.5
23. Human rights	142 206.4	(169.6)	142 036.8	5 684.6	(928.3)	4 756.3	146 793.1
24. Protection of and assistance to refugees	81 230.0	—	81 230.0	3 994.9	(2 993.2)	1 001.7	82 231.7
25. Palestine refugees	48 629.9	—	48 629.9	(941.8)	3.9	(937.9)	47 692.0
26. Humanitarian assistance	30 969.8	—	30 969.8	444.3	(668.4)	(224.1)	30 745.7
27. Public information	196 950.9	—	196 950.9	588.1	(7 367.9)	(6 779.8)	190 171.1
28A. Office of the Under-Secretary-General for Management	40 124.1	—	40 124.1	—	(1 803.9)	(1 803.9)	38 320.2
28B. Office of Programme Planning, Budget and Accounts	41 141.8	—	41 141.8	—	(1 474.8)	(1 474.8)	39 667.0
28C. Office of Human Resources Management	77 754.3	(657.5)	77 096.8	—	(2 888.9)	(2 888.9)	74 207.9
28D. Office of Central Support Services	185 455.0	(728.7)	184 726.3	—	(8 208.9)	(8 208.9)	176 517.4
28E. Administration, Geneva	122 996.2	—	122 996.2	5 965.0	(5 375.7)	589.3	123 585.5
28F. Administration, Vienna	39 957.7	—	39 957.7	2 883.8	(1 950.4)	933.4	40 891.1
28G. Administration, Nairobi	31 023.7	(182.7)	30 841.0	1 034.2	1 294.1	2 328.3	33 169.3
29. Office of Information and Communication Technology	100 680.3	(3 925.0)	96 755.3	—	(4 469.5)	(4 469.5)	92 285.8
30. Internal oversight	41 473.4	(64.0)	41 409.4	439.3	(1 275.8)	(836.5)	40 572.9
31. Jointly financed administrative activities	12 474.9	(30.8)	12 444.1	180.3	(308.5)	(128.2)	12 315.9
32. Special expenses	115 787.0	(172.9)	115 614.1	3.7	(118.2)	(114.5)	115 499.6
33. Construction, alteration, improvement and major maintenance	94 367.7	—	94 367.7	1 091.0	(3 517.9)	(2 426.9)	91 940.8
34. Safety and security	262 713.1	—	262 713.1	2 734.7	(8 764.7)	(6 030.0)	256 683.1
35. Development Account	18 651.3	—	18 651.3	—	—	—	18 651.3
36. Staff assessment	533 642.6	610.4	534 253.0	4 279.6	(12 269.2)	(7 989.6)	526 263.4
Total	**5 203 532.0**	**3 627.6**	**5 207 159.6**	**47 214.2**	**(110 917.0)**	**(63 702.8)**	**5 143 456.8**